

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

**P**

W-02091A  
Pinecrest Water Company  
P. O. Box 97  
Nutrioso AZ 859320097

**ANNUAL REPORT**

*Entered  
2-24-03  
C.M.*

**FOR YEAR ENDING**

|    |    |      |
|----|----|------|
| 12 | 31 | 2002 |
|----|----|------|

ARIZONA CORPORATION  
COMMISSION

**RECEIVED**  
FEB 24 2003

Director of Utilities

FOR COMMISSION USE

|       |    |
|-------|----|
| ANN04 | 02 |
|-------|----|

## COMPANY INFORMATION

|                                                                       |                                            |                                                   |  |
|-----------------------------------------------------------------------|--------------------------------------------|---------------------------------------------------|--|
| <b>Company Name (Business Name)</b> <u>PINECREST WATER CO., INC.</u>  |                                            |                                                   |  |
| <b>Mailing Address</b> <u>P.O. Box 97</u><br>(Street)                 |                                            |                                                   |  |
| <u>NUTRIOSO</u><br>(City)                                             | <u>AZ</u><br>(State)                       | <u>85932-0097</u><br>(Zip)                        |  |
| <u>928-339-4598</u><br>Telephone No. (Include Area Code)              | <u>NONE</u><br>Fax No. (Include Area Code) | <u>NONE</u><br>Pager/Cell No. (Include Area Code) |  |
| <b>Email Address</b> <u>NONE</u>                                      |                                            |                                                   |  |
| <b>Local Office Mailing Address</b> <u>P.O. Box 97</u><br>(Street)    |                                            |                                                   |  |
| <u>NUTRIOSO</u><br>(City)                                             | <u>AZ</u><br>(State)                       | <u>85932-0097</u><br>(Zip)                        |  |
| <u>928-339-4598</u><br>Local Office Telephone No. (Include Area Code) | <u>NONE</u><br>Fax No. (Include Area Code) | <u>NONE</u><br>Pager/Cell No. (Include Area Code) |  |
| <b>Email Address</b> <u>NONE</u>                                      |                                            |                                                   |  |

## MANAGEMENT INFORMATION

|                                                               |                                            |                                                   |                            |
|---------------------------------------------------------------|--------------------------------------------|---------------------------------------------------|----------------------------|
| <b>Management Contact:</b> <u>GERALD MC CASLAND</u><br>(Name) |                                            |                                                   |                            |
| <u>PRESIDENT</u><br>(Title)                                   |                                            |                                                   |                            |
| <u>P.O. Box 87</u><br>(Street)                                | <u>NUTRIOSO</u><br>(City)                  | <u>AZ</u><br>(State)                              | <u>85932-0097</u><br>(Zip) |
| <u>928-339-4598</u><br>Telephone No. (Include Area Code)      | <u>NONE</u><br>Fax No. (Include Area Code) | <u>NONE</u><br>Pager/Cell No. (Include Area Code) |                            |
| <b>Email Address</b> <u>NONE</u>                              |                                            |                                                   |                            |
| <b>On Site Manager:</b> <u>SAME AS ABOVE</u><br>(Name)        |                                            |                                                   |                            |
| <br>(Street)                                                  | <br>(City)                                 | <br>(State)                                       | <br>(Zip)                  |
| <br>Telephone No. (Include Area Code)                         | <br>Fax No. (Include Area Code)            | <br>Pager/Cell No. (Include Area Code)            |                            |
| <b>Email Address</b> <u>NONE</u>                              |                                            |                                                   |                            |

Statutory Agent: JOHN K. MANGUM

(Name)

1 EAST CAMELBACK # 1100 PHOENIX AZ 85012

(Street)

(City)

(State)

(Zip)

602-254-5442

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: SAME AS ABOVE

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |                                                 |                                                                                      |
|-------------------------------------------------|--------------------------------------------------------------------------------------|
| <input type="checkbox"/> Sole Proprietor (S)    | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input type="checkbox"/> Subchapter S Corporation (Z)                                |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co op (A)                                       |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                                   |
| <input type="checkbox"/> Other (Describe) _____ |                                                                                      |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |                                            |                                   |                                   |
|--------------------------------------------|-----------------------------------|-----------------------------------|
| <input checked="" type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE  | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA              | <input type="checkbox"/> GRAHAM   | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ            | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE   |
| <input type="checkbox"/> NAVAJO            | <input type="checkbox"/> PIMA     | <input type="checkbox"/> PINAL    |
| <input type="checkbox"/> SANTA CRUZ        | <input type="checkbox"/> YAVAPAI  | <input type="checkbox"/> YUMA     |
| <input type="checkbox"/> STATEWIDE         |                                   |                                   |

COMPANY NAME

PINECREST WATER CO., INC.

UTILITY PLANT IN SERVICE

| Acct.<br>No. | DESCRIPTION                               | Original<br>Cost (OC) | Accumulated<br>Depreciation<br>(AD) | O.C.L.D.<br>(OC less AD) |
|--------------|-------------------------------------------|-----------------------|-------------------------------------|--------------------------|
| 301          | Organization                              |                       |                                     |                          |
| 302          | Franchises                                |                       |                                     |                          |
| 303          | Land and Land Rights                      |                       |                                     |                          |
| 304          | Structures and Improvements               | 18 873                | 6941                                | 11 932                   |
| 307          | Wells and Springs                         | 4 800                 | 4631                                | 169                      |
| 311          | Pumping Equipment                         | 1562                  | 1508                                | 54                       |
| 320          | Water Treatment Equipment                 | 503                   | 484                                 | 19                       |
| 330          | Distribution Reservoirs and<br>Standpipes |                       |                                     |                          |
| 331          | Transmission and Distribution Mains       | 14057                 | 10531                               | 3526                     |
| 333          | Services                                  |                       |                                     |                          |
| 334          | Meters and Meter Installations            | 380                   | 367                                 | 13                       |
| 335          | Hydrants                                  |                       |                                     |                          |
| 336          | Backflow Prevention Devices               |                       |                                     |                          |
| 339          | Other Plant and Misc. Equipment           | 343                   | 337                                 | 6                        |
| 340          | Office Furniture and Equipment            |                       |                                     |                          |
| 341          | Transportation Equipment                  |                       |                                     |                          |
| 343          | Tools, Shop and Garage Equipment          | 100                   | 55                                  | 45                       |
| 344          | Laboratory Equipment                      |                       |                                     |                          |
| 345          | Power Operated Equipment                  |                       |                                     |                          |
| 346          | Communication Equipment                   |                       |                                     |                          |
| 347          | Miscellaneous Equipment                   |                       |                                     |                          |
| 348          | Other Tangible Plant                      |                       |                                     |                          |
|              | <b>TOTALS</b>                             | 40618                 | 24854                               | 15764                    |

This amount goes on the Balance Sheet Acct. No. 108



COMPANY NAME

PINECREST WATER CO., INC.

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

| Acct.<br>No. | DESCRIPTION                            | Original<br>Cost (1) | Depreciation<br>Percentage<br>(2) | Depreciation<br>Expense<br>(1x2) |
|--------------|----------------------------------------|----------------------|-----------------------------------|----------------------------------|
| 301          | Organization                           |                      |                                   |                                  |
| 302          | Franchises                             |                      |                                   |                                  |
| 303          | Land and Land Rights                   |                      |                                   |                                  |
| 304          | Structures and Improvements            | 18873                | 5%                                | 944                              |
| 307          | Wells and Springs                      | 4800                 | 5%                                | 240                              |
| 311          | Pumping Equipment                      | 1562                 | 5%                                | 78                               |
| 320          | Water Treatment Equipment              | 503                  | 5%                                | 25                               |
| 330          | Distribution Reservoirs and Standpipes |                      |                                   |                                  |
| 331          | Transmission and Distribution Mains    | 14057                | 5%                                | 703                              |
| 333          | Services                               |                      |                                   |                                  |
| 334          | Meters and Meter Installations         | 380                  | 5%                                | 19                               |
| 335          | Hydrants                               |                      |                                   |                                  |
| 336          | Backflow Prevention Devices            |                      |                                   |                                  |
| 339          | Other Plant and Misc. Equipment        | 343                  | 5%                                | 17                               |
| 340          | Office Furniture and Equipment         |                      |                                   |                                  |
| 341          | Transportation Equipment               |                      |                                   |                                  |
| 343          | Tools, Shop and Garage Equipment       | 100                  | 5%                                | 5                                |
| 344          | Laboratory Equipment                   |                      |                                   |                                  |
| 345          | Power Operated Equipment               |                      |                                   |                                  |
| 346          | Communication Equipment                |                      |                                   |                                  |
| 347          | Miscellaneous Equipment                |                      |                                   |                                  |
| 348          | Other Tangible Plant                   |                      |                                   |                                  |
|              | <b>TOTALS</b>                          | 40618                | 5%                                | 2031                             |

This amount goes on Comparative Statement of Income and Expense \_\_\_\_\_  
Acct. No. 403.

COMPANY NAME

PINE CREST WATER CO., INC.

**BALANCE SHEET**

| Acct.<br>No. |                                             | BALANCE AT<br>BEGINNING OF<br>YEAR | BALANCE AT<br>END OF<br>YEAR |
|--------------|---------------------------------------------|------------------------------------|------------------------------|
|              | <b>ASSETS</b>                               |                                    |                              |
|              | <b>CURRENT AND ACCRUED ASSETS</b>           |                                    |                              |
| 131          | Cash                                        | \$ 16549                           | \$ 16353                     |
| 134          | Working Funds                               |                                    |                              |
| 135          | Temporary Cash Investments                  |                                    |                              |
| 141          | Customer Accounts Receivable                |                                    |                              |
| 146          | Notes/Receivables from Associated Companies |                                    |                              |
| 151          | Plant Material and Supplies                 |                                    |                              |
| 162          | Prepayments                                 |                                    |                              |
| 174          | Miscellaneous Current and Accrued Assets    |                                    |                              |
|              | <b>TOTAL CURRENT AND ACCRUED ASSETS</b>     | \$ 16549                           | \$ 16353                     |
|              | <b>FIXED ASSETS</b>                         |                                    |                              |
| 101          | Utility Plant in Service                    | \$ 40618                           | \$ 40618                     |
| 103          | Property Held for Future Use                |                                    |                              |
| 105          | Construction Work in Progress               |                                    |                              |
| 108          | Accumulated Depreciation – Utility Plant    | < 22823 >                          | < 24854 >                    |
| 121          | Non-Utility Property                        |                                    |                              |
| 122          | Accumulated Depreciation – Non Utility      |                                    |                              |
|              | <b>TOTAL FIXED ASSETS</b>                   | \$ 17795                           | \$ 15764                     |
|              | <b>TOTAL ASSETS</b>                         | \$ 34344                           | \$ 32117                     |

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME *PINECREST WATER CO., INC.*

**BALANCE SHEET (CONTINUED)**

| Acct.<br>No. |                                                   | BALANCE AT<br>BEGINNING OF<br>YEAR | BALANCE AT<br>END OF<br>YEAR |
|--------------|---------------------------------------------------|------------------------------------|------------------------------|
|              | <b>LIABILITIES</b>                                |                                    |                              |
|              | <b>CURRENT LIABILITIES</b>                        |                                    |                              |
| 231          | Accounts Payable                                  | \$                                 | \$                           |
| 232          | Notes Payable (Current Portion)                   |                                    |                              |
| 234          | Notes/Accounts Payable to Associated Companies    |                                    |                              |
| 235          | Customer Deposits                                 |                                    |                              |
| 236          | Accrued Taxes                                     |                                    |                              |
| 237          | Accrued Interest                                  |                                    |                              |
| 241          | Miscellaneous Current and Accrued Liabilities     |                                    |                              |
|              | <b>TOTAL CURRENT LIABILITIES</b>                  | \$ -0-                             | \$ -0-                       |
|              | <b>LONG-TERM DEBT (Over 12 Months)</b>            |                                    |                              |
| 224          | Long-Term Notes and Bonds                         | \$                                 | \$                           |
|              | <b>DEFERRED CREDITS</b>                           |                                    |                              |
| 251          | Unamortized Premium on Debt                       | \$                                 | \$                           |
| 252          | Advances in Aid of Construction                   |                                    |                              |
| 255          | Accumulated Deferred Investment Tax Credits       |                                    |                              |
| 271          | Contributions in Aid of Construction              |                                    |                              |
| 272          | Less: Amortization of Contributions               |                                    |                              |
| 281          | Accumulated Deferred Income Tax                   |                                    |                              |
|              | <b>TOTAL DEFERRED CREDITS</b>                     | \$ -0-                             | \$ -0-                       |
|              | <b>TOTAL LIABILITIES</b>                          | \$ -0-                             | \$ -0-                       |
|              | <b>CAPITAL ACCOUNTS</b>                           |                                    |                              |
| 201          | Common Stock Issued                               | \$                                 | \$                           |
| 211          | Paid in Capital in Excess of Par Value            |                                    |                              |
| 215          | Retained Earnings                                 | 34344                              | 32117                        |
| 218          | Proprietary Capital (Sole Props and Partnerships) |                                    |                              |
|              | <b>TOTAL CAPITAL</b>                              | \$                                 | \$                           |
|              | <b>TOTAL LIABILITIES AND CAPITAL</b>              | \$ 34344                           | \$ 32117                     |

COMPANY NAME *PINECREST WATER CO., INC.*

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

| Acct. No. | OPERATING REVENUES                        | PRIOR YEAR | CURRENT YEAR |
|-----------|-------------------------------------------|------------|--------------|
| 461       | Metered Water Revenue                     | \$ 9221    | \$ 9820      |
| 460       | Unmetered Water Revenue                   |            |              |
| 474       | Other Water Revenues                      | 532        | 1200         |
|           | <b>TOTAL REVENUES</b>                     | \$ 9753    | \$ 11020     |
|           |                                           |            |              |
|           | <b>OPERATING EXPENSES</b>                 |            |              |
| 601       | Salaries and Wages                        | \$         | \$           |
| 610       | Purchased Water                           |            |              |
| 615       | Purchased Power                           | 750        | 752          |
| 618       | Chemicals                                 |            |              |
| 620       | Repairs and Maintenance                   | 845        | 4937         |
| 621       | Office Supplies and Expense               |            |              |
| 630       | Outside Services                          | 350        | 360          |
| 635       | Water Testing                             | 748        | 605          |
| 641       | Rents                                     |            |              |
| 650       | Transportation Expenses                   |            |              |
| 657       | Insurance – General Liability             | 275        | 283          |
| 659       | Insurance - Health and Life               |            |              |
| 666       | Regulatory Commission Expense – Rate Case |            |              |
| 675       | Miscellaneous Expense                     | 380        | 750          |
| 403       | Depreciation Expense                      | 2031       | 2031         |
| 408       | Taxes Other Than Income                   | 470        | 996          |
| 408.11    | Property Taxes                            | 451        | 383          |
| 409       | Income Tax                                | 181        | 2355         |
|           | <b>TOTAL OPERATING EXPENSES</b>           | \$ 6481    | \$ 13452     |
|           |                                           |            |              |
|           | <b>OPERATING INCOME/(LOSS)</b>            | \$ 3272    | \$ < 2432 >  |
|           |                                           |            |              |
|           | <b>OTHER INCOME/(EXPENSE)</b>             |            |              |
| 419       | Interest and Dividend Income              | \$ 325     | \$ 205       |
| 421       | Non-Utility Income                        | 6699       |              |
| 426       | Miscellaneous Non-Utility Expenses        |            |              |
| 427       | Interest Expense                          |            |              |
|           | <b>TOTAL OTHER INCOME/(EXPENSE)</b>       | \$ 7024    | \$ 205       |
|           |                                           |            |              |
|           | <b>NET INCOME/(LOSS)</b>                  | \$ 10296   | \$ 2227      |



COMPANY NAME *PINECREST WATER CO., INC.*

**SUPPLEMENTAL FINANCIAL DATA**

**Long-Term Debt**

|                        | LOAN #1 | LOAN #2        | LOAN #3 | LOAN #4 |
|------------------------|---------|----------------|---------|---------|
| Date Issued            |         |                |         |         |
| Source of Loan         |         |                |         |         |
| ACC Decision No.       |         |                |         |         |
| Reason for Loan        |         |                |         |         |
| Dollar Amount Issued   | \$      | \$ <i>NONE</i> | \$      | \$      |
| Amount Outstanding     | \$      | \$             | \$      | \$      |
| Date of Maturity       |         |                |         |         |
| Interest Rate          |         |                |         |         |
| Current Year Interest  | \$      | \$             | \$      | \$      |
| Current Year Principle | \$      | \$             | \$      | \$      |

Meter Deposit Balance at Test Year End

\$ *Ø*

Meter Deposits Refunded During the Test Year

\$ *Ø*

COMPANY NAME

PINECREST WATER CO., INC.

WATER COMPANY PLANT DESCRIPTIONWELLS

| ADWR ID<br>Number* | Pump<br>Horsepower | Pump Yield<br>(Gpm) | Casing<br>Depth<br>(Feet) | Casing<br>Diameter<br>(Inches) | Meter Size<br>(inches) | Year<br>Drilled |
|--------------------|--------------------|---------------------|---------------------------|--------------------------------|------------------------|-----------------|
| A 72936            | 1                  | 35                  | 36 FT                     | 10"                            | 3/4"                   | 1967            |
|                    |                    |                     |                           |                                |                        |                 |
|                    |                    |                     |                           |                                |                        |                 |
|                    |                    |                     |                           |                                |                        |                 |
|                    |                    |                     |                           |                                |                        |                 |
|                    |                    |                     |                           |                                |                        |                 |

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

| Name or Description | Capacity<br>(gpm) | Gallons Purchased or Obtained<br>(in thousands) |
|---------------------|-------------------|-------------------------------------------------|
| NONE                |                   |                                                 |
|                     |                   |                                                 |

| BOOSTER PUMPS |          | FIRE HYDRANTS     |                |
|---------------|----------|-------------------|----------------|
| Horsepower    | Quantity | Quantity Standard | Quantity Other |
| 1 1/2         | 1        | 0                 | 0              |
|               |          |                   |                |
|               |          |                   |                |
|               |          |                   |                |

| STORAGE TANKS |          | PRESSURE TANKS |          |
|---------------|----------|----------------|----------|
| Capacity      | Quantity | Capacity       | Quantity |
| 10,000 GAL    | 1        | 56             | 3        |
|               |          |                |          |
|               |          |                |          |
|               |          |                |          |

COMPANY NAME

PINECREST WATER CO., INC.

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)****MAINS**

| Size (in inches) | Material   | Length (in feet) |
|------------------|------------|------------------|
| 2                |            |                  |
| 3                |            |                  |
| 4                |            |                  |
| 5                |            |                  |
| 6                |            |                  |
| 8                | <i>N/A</i> |                  |
| 10               |            |                  |
| 12               |            |                  |
|                  |            |                  |
|                  |            |                  |
|                  |            |                  |
|                  |            |                  |
|                  |            |                  |
|                  |            |                  |

**CUSTOMER METERS**

| Size (in inches) | Quantity  |
|------------------|-----------|
| 5/8 X 3/4        |           |
| 3/4              | <i>41</i> |
| 1                |           |
| 1 1/2            |           |
| 2                |           |
| Comp. 3          |           |
| Turbo 3          |           |
| Comp. 4          |           |
| Tubo 4           |           |
| Comp. 6          |           |
| Tubo 6           |           |
|                  |           |
|                  |           |

For the following three items, list the utility owned assets in each category.

**TREATMENT EQUIPMENT:***HAND CHLORINATION***STRUCTURES:***FIXED WELL HEAD VALVE**FENCED CAPTIVE AIR PRESSURE TANK AND DISTRIBUTION SYSTEM HOUSE***OTHER:**

COMPANY NAME: PINECREST WATER CO., INC.

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002**

| MONTH     | NUMBER OF CUSTOMERS | GALLONS SOLD | GALLON PUMPED<br>(Thousands) |
|-----------|---------------------|--------------|------------------------------|
| JANUARY   |                     |              |                              |
| FEBRUARY  | * 37                | 225,810      |                              |
| MARCH     |                     |              |                              |
| APRIL     |                     |              |                              |
| MAY       | * 37                | 413,507      |                              |
| JUNE      |                     |              |                              |
| JULY      |                     |              |                              |
| AUGUST    | * 39                | 379,032      |                              |
| SEPTEMBER |                     |              |                              |
| OCTOBER   |                     |              |                              |
| NOVEMBER  | * 39                | 209,000      |                              |
| DECEMBER  |                     |              |                              |
| TOTAL     |                     | N/A          | 1,227,349                    |

\* ALL METERS ARE  
READ QUARTERLY

Is the Water Utility located in an ADWR Active Management Area (AMA)?

(x) Yes                      ( ) No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes                      (x) No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system. 0.0029 mg/l

(If more than one well, please list each separately)

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***

COMPANY NAME PINECREST WATER CO., INC.

YEAR ENDING 12/31/2002

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2002 was: \$ 382<sup>44</sup>

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

COMPANY NAME PINECREST WATER CO., INC.

YEAR ENDING 12/31/2002

**INCOME TAXES**

For this reporting period, provide the following:

|                                           |                      |
|-------------------------------------------|----------------------|
| Federal Taxable Income Reported           | <u>&lt; 602 &gt;</u> |
| Estimated or Actual Federal Tax Liability | <u>- 0 -</u>         |

|                                         |            |
|-----------------------------------------|------------|
| State Taxable Income Reported           | <u>128</u> |
| Estimated or Actual State Tax Liability | <u>50</u>  |

Amount of Grossed-Up Contributions/Advances:

|                                         |              |
|-----------------------------------------|--------------|
| Amount of Contributions/Advances        | <u>- 0 -</u> |
| Amount of Gross-Up Tax Collected        | <u>- 0 -</u> |
| Total Grossed-Up Contributions/Advances | <u>- 0 -</u> |

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

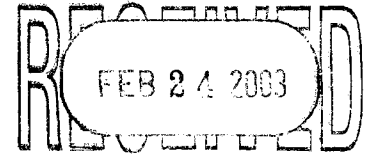
*GR McCasland*  
SIGNATURE

2/20/2003  
DATE

GERALD MCCASLAND  
PRINTED NAME

PRESIDENT  
TITLE

# VERIFICATION AND SWORN STATEMENT Intrastate Revenues Only

**VERIFICATION**STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

|                                |                                  |
|--------------------------------|----------------------------------|
| COUNTY OF (COUNTY NAME)        | <u>APACHE</u>                    |
| NAME (OWNER OR OFFICIAL) TITLE | <u>GERALD McCASLAND</u>          |
| COMPANY NAME                   | <u>PINECREST WATER CO., INC.</u> |

Director of Utilities

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION****FOR THE YEAR ENDING**

|       |     |      |
|-------|-----|------|
| MONTH | DAY | YEAR |
| 12    | 31  | 2002 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 11020

(THE AMOUNT IN BOX ABOVE

INCLUDES \$ 540

IN SALES TAXES BILLED, OR COLLECTED

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 20<sup>th</sup> DAY OF

(SEAL)

MY COMMISSION EXPIRES Nov 13, 2005

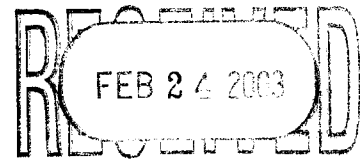
|             |                 |              |
|-------------|-----------------|--------------|
| COUNTY NAME | <u>Apache</u>   |              |
| MONTH       | <u>February</u> | 20 <u>03</u> |

SIGNATURE OF NOTARY PUBLIC SEAL  
**SHANNA RAE PENROD**  
 NOTARY PUBLIC - State of Arizona  
 APACHE COUNTY  
 My Comm. Expires Nov. 13, 2005



**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

ARIZONA CORPORATION  
COMMISSION



Director of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

|                                                     |                           |
|-----------------------------------------------------|---------------------------|
| (COUNTY NAME) <u>APACHE</u>                         |                           |
| NAME (OWNER OR OFFICIAL)<br><u>GERALD MCCASLAND</u> | TITLE<br><u>PRESIDENT</u> |
| COMPANY NAME<br><u>PINECREST WATER CO., INC.</u>    |                           |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

|           |           |             |
|-----------|-----------|-------------|
| MONTH     | DAY       | YEAR        |
| <u>12</u> | <u>31</u> | <u>2002</u> |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

|                                                                    |
|--------------------------------------------------------------------|
| ARIZONA INTRASTATE GROSS OPERATING REVENUES<br><br>\$ <u>11020</u> |
|--------------------------------------------------------------------|

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 540  
IN SALES TAXES BILLED, OR COLLECTED


\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

  
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF


THIS

|                                                                                                                           |        |
|---------------------------------------------------------------------------------------------------------------------------|--------|
| <u>20<sup>th</sup></u>                                                                                                    | DAY OF |
|                                        |        |
| OFFICIAL SEAL<br>SHANNA RAE PENROD<br>NOTARY PUBLIC - State of Arizona<br>APACHE COUNTY<br>My Comm. Expires Nov. 13, 2005 |        |

(SEAL)

MY COMMISSION EXPIRES Nov 13, 2005

|                                                |      |
|------------------------------------------------|------|
| NOTARY PUBLIC NAME<br><u>Shanna Rae Penrod</u> |      |
| COUNTY NAME<br><u>Apache</u>                   |      |
| MONTH<br><u>February</u>                       | 2003 |

X   
SIGNATURE OF NOTARY PUBLIC



# National Bank OF ARIZONA

021F 41055  
 PINECREST WATER COMPANY  
 P. O. BOX 67 PHILADELPHIA  
 PENNSYLVANIA 19106  
 DATE 10-11-02  
 1600  
 382.44  
 BETTY M. MINTON'S APPLIC. TO TREASURER  
 44  
 THREE HUNDRED EIGHTY TWO AND 44/100 DOLLARS  
 RECEIVED  
 NATIONAL BANK  
 OF PHILADELPHIA  
 1000 1600 0  
 49655  
 10/23/02  
 1600  
 382.44